

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 30 Cost Accounting Standards**

**Subject: 30.1 Cost Accounting Standards**

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**PURPOSE:** This standard practice (SP) establishes the procedures for complying with the Cost Accounting Standards (CAS) in Laboratory subcontracts, and stipulates the exemptions to these standards.

**POLICY:** Laboratory subcontractors will be required to comply with CAS, when applicable.

**SCOPE:** This SP applies to negotiated subcontracts exceeding \$500,000 that do not satisfy any of the exemptions listed below.

### **Exemptions**

Cost Accounting Standards do not apply to subcontracts:

- Awarded as a firm fixed price on the basis of adequate price competition without submission of any cost data;
- Awarded to small businesses;
- Awarded through a sealed bid process;
- For the acquisition of commercial items awarded based on a firm fixed-price and fixed-price with economic price adjustment (provided that price adjustment is not based on actual costs incurred);
- In which the price is set by law or regulation;
- To be executed and performed entirely outside the United States, its territories and possessions;
- Of less than \$7.5 million, provided that, at the time of award, the business unit of the subcontractor is not currently performing any CAS-covered contracts or subcontracts valued at \$7.5 million or greater;
- Awarded to foreign governments or their agents or instrumentalities or a foreign concern (except for foreign concerns' compliance with CAS 9904.401 and 9904.402, regarding consistency in estimating, accumulating, allocating, and reporting costs);
- Awarded to a United Kingdom subcontractor for performance substantially in the United Kingdom, provided that the subcontractor has filed a Disclosure Statement adequately describing its accounting system, per 48 CFR 9903.201-4(d); or
- Awarded under the NATO PHM Ship program to be performed outside the United States by a foreign concern.

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### **PROCEDURES:**

#### **Notices and Certification**

Subcontracts not exempted from CAS may be subject to either full or modified coverage, or coverage applicable to educational institutions.

A *Cost Accounting Standards Notices and Certification* form, per FAR 52.230-1, must be included in all solicitations that do not meet the criteria for a CAS exemption listed above. Completion of this form allows subcontractors to:

- Certify their *Disclosure Statement* status;
- Claim exemption from full CAS coverage and elect modified CAS coverage when appropriate; and
- Certify whether award of the contemplated subcontract would require a change to their existing cost accounting practices.

#### **Submission of Disclosure Statement**

In lieu of submitting the *Disclosure Statement* to the University, a subcontractor may elect to submit the *Disclosure Statement* to the subcontractor's cognizant audit authority. The subcontractor must certify in its proposal the date of submission and address of the audit authority.

#### **Waiver of CAS Requirements**

If a subcontractor refuses to accept all or part of the requirements of the CAS clauses and the Procurement Manager determines that it is impractical to obtain the goods or services from any other source, a waiver of CAS requirements may be requested from DOE. The waiver request will include the following information:

- A description of the proposed subcontract;
- The amount of the proposed subcontract;
- An unequivocal statement that the proposed subcontractor refuses to accept a subcontract containing all or a specific part of a CAS clause and the specific reason for that refusal;
- A statement as to whether the proposed subcontractor has accepted any prime contract or subcontract containing a CAS clause;
- The amount of the proposed award and the sum of all awards by the agency requesting the waiver to the proposed subcontractor in each of the preceding three years;
- A statement that no other source is available to satisfy the Laboratory's needs in a timely manner;
- A statement of alternative methods considered for fulfilling the Laboratory's requirement and the Laboratory's reasons for rejecting them;
- A statement of the steps being taken by the Laboratory to establish other sources of supply for future subcontracts for

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the goods or services for which the waiver is being requested;  
and

- Any additional information that may be useful to DOE in evaluating the request.

### **Inquiries**

Any inquiries by the procurement specialist about the applicability of CAS, a subcontractor's eligibility for modified coverage, or exemptions to CAS should be addressed to the cost/price analysts and/or procurement supervisor.

### **Subcontract Clauses**

The procurement specialist must ensure that the following CAS clauses are included in subcontracts subject to CAS, as appropriate:

- *Cost Accounting Standards* clause (FAR 52.230-2), except for paragraph (b), if full CAS coverage applies.
- *Disclosure and Consistency of Cost Accounting Practices* clause (FAR 52.230-3) if modified CAS coverage applies and the subcontract is less than \$25 million.
- *Cost Accounting Standards—Educational Institutions* (FAR 52.230-5) if the subcontract is awarded to an educational institution unless the subcontract is exempted, the contract is to be performed by a Federally Funded Research and Development Center (FFRDC), or the provisions of FAR 9903.201-2(c)(6) apply.
- *Administration of Cost Accounting Standards* clause (FAR 52.230-6) in all subcontracts subject to either full or modified CAS coverage.

A subcontract must explicitly state that it is subject to the applicable CAS-related clause. (Self-deleting clauses may not be used.)

### **Notification to DOE**

Within 30 days after award of a subcontract subject to CAS, submit the following information to DOE:

- Subcontractor's name and subcontract number;
- Dollar amount and date of award; and
- Name of the Laboratory site.

Notify DOE, in writing, of required CAS-related adjustments to subcontracts within 30 days after proposed subcontract adjustments are received.

## **RESPONSIBILITIES:**

### **Procurement Specialist**

The procurement specialist must:

- Include the appropriate clauses in solicitations and subcontracts exceeding \$500,000 subject to CAS;

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- Ensure that the offeror has submitted the *Cost Accounting Standards Notices and Certification* form to the University and that a *Disclosure Statement* has been submitted to the subcontractor's cognizant audit authority;
- Determine the applicability of full or modified CAS coverage and insert the appropriate clauses in the body of the subcontract;
- Process subcontractor requests for waivers of the requirements of CAS; and
- Notify DOE of subcontracts and adjustments to subcontracts subject to CAS.

### **REFERENCES:**

Prime Contract Clause I.38 - Cost Accounting Standards  
Prime Contract Clause I.39 - Administration of Cost Accounting Standards